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DEMAND and PRICE SITUATION

DPS-77

Approved by the Outlook and Situation Board, May 18, 1961

SUMMARY

Cash receipts for the first four months of 1961 averaged 7 percent higher than a year earlier. So far this year, livestock receipts are about 6 percent above the year earlier and receipts from crops are 9 percent higher than in January-April 1960. However, cash receipts from marketings of farm products declined from March to April and were almost 5 percent lower than in April 1960.

Farm product prices through April 1961 were 2 percent above the year earlier. Between mid-March and mid-April, however, prices dropped 1.6 percent as lower prices were reported for milk, eggs, meat animals, chickens, and grain crops. Prices for farm products at central markets have shown some further easing since mid-April. Through April of this year, marketings of farm products were more than 4 percent ahead of a year ago. Marketings declined during April to a level about 2 percent below a year earlier, as both livestock and crop marketings were reduced. The low for the year in marketings usually occurs around April. Livestock marketings apparently increased in May.

Domestic supplies of food this spring and early summer are expected to be about as plentiful as a year ago. With an expected improvement in general business activity and with an increasing population, domestic demand for food will continue high throughout the year.

(Continued on page 3)



Growth Through Agricultural Progress

Published monthly by
ECONOMIC RESEARCH SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1960		1961				
		Year	Apr.	Jan.	Feb.	Mar.	Apr.	
Industrial production, seasonally adj. <u>1/</u>	1957=100	108	109	102	102	102	105	
Final products	do.	111	111	107	107	107	109	
Consumer goods	do.	115	115	110	110	111	114	
Autos	do.	117	116	78	73	71	92	
Equipment, including defense	do.	103	102	100	99	99	100	
Materials	do.	106	108	98	98	99	102	
Construction: <u>2/ 3/</u>								
Total outlays	Mil. dol.	55,173	54,166	55,262	54,846	55,835	55,836	
Public construction	Mil. dol.	16,244	15,444	17,452	17,750	18,270	17,361	
Private residential	Mil. dol.	22,024	21,930	20,338	19,671	20,080	20,896	
Housing starts	Thousands	1,240	1,307	1,078	1,113	1,285	1,203	
Manufacturers' sales and inventories: <u>2/</u>								
Total sales, seasonally adjusted	Mil. dol.	30,417	31,030	28,670	29,030	29,500		
Durable goods	Mil. dol.	14,692	15,000	13,170	13,320	13,710		
Unfilled orders-sales ratio <u>4/</u>		3.17	3.02	3.23	3.21	3.13		
Inventory-sales ratio, total <u>5/</u>		1.77	1.76	1.87	1.85	1.81		
Durable goods		2.10	2.13	2.34	2.30	2.21		
Employment and wages: <u>6/</u>								
Total civilian employment	Millions	66.7	66.2	64.5	64.7	65.5	65.7	
Nonagricultural	do.	61.0	60.8	59.8	59.9	60.5	60.7	
Unemployment	do.	3.9	3.7	5.4	5.7	5.5	5.0	
Workweek in manufacturing	Hours	39.7	39.3	38.8	38.9	39.1	39.0	
Hourly earnings in manufacturing	Dollars	2.29	2.28	2.32	2.31	2.32	2.33	
Income and spending:								
Personal income <u>2/ 3/</u>	Bil. dol.	404.2	401.9	406.6	406.2	409.8	410.3	
Consumer credit outstanding <u>1/</u>	Mil. dol.	56,049	52,353	55,021	54,102	54,102		
Automobile	Mil. dol.	17,866	17,170	17,611	17,323	17,383		
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	18,319	18,860	17,773	17,795	18,235	17,963	
Durable goods	Mil. dol.	5,928	6,257	5,359	5,348	5,597	5,518	
Inventory-sales ratio <u>5/</u>		1.39	1.32	1.42	1.40	1.34		
Prices: <u>6/</u>								
Wholesale prices, all commodities	1947-49=100	120	120	120	120	120	119	
Commodities other than farm and food	do.	128	129	128	128	128	128	
Farm products	do.	89	91	90	90	90	88	
Foods processed	do.	108	107	110	110	110	109	
Consumer price index, all items	do.	126	126	127	128	128		
Food	do.	120	120	121	121	121		
Prices received by farmers <u>7/</u>	1910-14=100	238	242	241	244	243	239	
Crops	do.	221	225	216	221	224	226	
Livestock and products	do.	252	257	261	263	259	250	
Prices paid, interest, taxes and wage rates <u>7/</u>	1910-14=100	299	302	301	302	302	302	
Family living items	do.	290	291	291	291	290	290	
Production items	do.	265	268	267	267	269	267	
Parity ratio <u>7/</u>		80	80	80	81	80	79	
Farm income and marketings: <u>7/</u>								
Volume of farm marketings	1947-49=100	132	98	143	104	103	96	
Cash receipts from farm marketings	Mil. dol.	33,746	9,104	3,065	2,287	2,272	2,100	

Annual data for most of the items for years 1929, 1939, 1941 and 1947-60 appear on page 41 of the April issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.
4/ Unfilled orders for durables divided by monthly deliveries. 5/ Inventories, book value, end of month, divided by sales. 6/ U. S. Department of Labor. 7/ U. S. Department of Agriculture, Agricultural Marketing Service.

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 T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board, May 18, 1961

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An increasing number of general economic indicators point to further improvement in business conditions during the year. Combined output of the Nation's factories, mines, and utilities picked up in March and again in April, reversing a 9-month slide. Inventory liquidation continued in March; most of the decline was concentrated in automobiles, reflecting a pick up in sales combined with relatively low production rates. Nonfarm employment rose about the usual seasonal amount last month but unemployment averaged only fractionally below the high March rate of 6.9 percent of the civilian labor force.

Sales by retail stores advanced $2\frac{1}{2}$ percent in March, the first increase since last October and the sharpest monthly gain in the past 11 months. But April sales failed to show the normal seasonal gain. Dealers' sales of new autos in April were 3 percent higher than in March; however, car sales are still 17 percent below April of last year. Consumers personal income rose during April to an annual rate of \$410 billion, slightly more than the record income flow set last October.

AGRICULTURAL SITUATION

With rising consumer incomes and an increasing population, domestic demand for food is expected to continue high in coming months. In addition, a step-up in Public Law 480 exports and continued high economic activity abroad point toward some further rise in the value of agricultural exports. Offsetting

these favorable demand conditions are record high stocks of some farm products and the prospect for the volume of marketings to continue above a year ago.

1961 Marketing Ahead of A Year Ago

So far this year, marketings of farm products are running more than 4 percent ahead of a year ago. In April, the index of physical volume of farm marketings, however, was down from March, and 2 percent lower than a year ago. Marketings of livestock and livestock products decreased during the month to a level equal to a year earlier and a reduction in crop marketings brought the volume of crops marketed to a level 10 percent below April 1960. The low for the year in marketings of all commodities usually occurs in April, with marketings subsequently rising to a fall peak.

Table 1.--Agricultural prices, marketings and income, quarterly, 1960 to date, and April 1961

Item	Unit	1960				1961	
		Year	I	II	III	IV	I April
Prices received by farmers	: 1910-14 = 100	: 238	235	240	236	241	243 239
Crops	: 1910-14 = 100	: 221	220	225	222	218	221 226
Livestock	: 1910-14 = 100	: 252	248	252	249	261	261 250
Prices paid, interest, taxes and wage rates	: 1910-14 = 100	: 299	299	301	298	297	302 302
Family living items	: 1910-14 = 100	: 290	289	291	290	291	291 290
Production items	: 1910-14 = 100	: 264	266	267	263	263	268 267
Parity ratio	: 1910-14 = 100	: 80	79	80	80	81	80 79
Volume of farm marketings	: 1947-49 = 100	: 132	110	106	143	168	117 96
Crops	: 1947-49 = 100	: 127	87	69	135	143	101 53
Livestock	: 1947-49 = 100	: 135	126	134	153	201	129 128
Cash receipts from farm marketings ^{1/}	: Bil. dol.	: 33.7	6.9	7.0	9.0	10.8	7.6 2.1
Crops	: Bil. dol.	: 14.8	2.5	2.3	4.3	5.7	2.9 .6
Livestock	: Bil. dol.	: 18.9	4.4	4.7	4.7	5.1	4.7 1.5
Farmers' realized net income ^{2/}	: Bil. dol.	: 11.6	10.2	11.8	11.9	12.4	12.8 n.a.

^{1/} Seasonally adjusted annual rates are: 1960-\$33.7 billion, \$32.3 billion (I), \$34.1 billion (II), \$34.0 billion (III), \$34.3 billion (IV), and 1961-\$35.2 billion (I). ^{2/} Seasonally adjusted annual rates. n.a. Not available.

Meat production is expected to decline seasonally during the next few months, but will probably be a little larger than a year earlier. A moderate increase in beef production in coming months probably will be more than offset by smaller pork, lamb and mutton supplies. The number of cattle and calves on feed April 1 in the 26 major feeding States was up 5 percent from a year earlier and feeders stated intentions were to market 7 percent more fed cattle in April-June this year than last. Hog slaughter during January-March totaled about 10 percent below last year, following the smaller pig crops in 1960. The margin below last year has narrowed since March and weekly slaughter in April averaged about 5 percent below a year earlier. In the next 2 or 3 months hog slaughter will be seasonally smaller; thereafter, slaughter will probably exceed year-earlier rates.

Marketings of broilers through April ran ahead of last year by 16 percent. In June they will increase from current levels and remain high in July. Turkey slaughter in the first four months of 1961 was 55 percent above 1960. As slaughter rises seasonally the percentage advance over year-ago levels will narrow. Egg production in April was below the month earlier, and near the year-ago level. Production for coming months will decline further from the spring high, but a steadily larger supply than in 1960 seems definite after midsummer.

Milk production in April rose 3 percent from March to a level about 1 percent above a year ago. Current milk production is near its seasonal peak and a decline can be expected in coming months, although output will continue to average greater than in 1960.

So far in marketing year 1960-61, corn disappearance has been a little higher than in the same period of 1959-60 and for the entire crop year may total about 4.1 billion bushels, around 100 million more than the year earlier. Crushings of soybeans for the 1960-61 marketing year will total about 400 million bushels compared with 392 million in 1959-60, reflecting the strong domestic and foreign demand that has prevailed for soybean oil and meal this year. Marketings of some seasonal fruits are now increasing. In early May, fresh market shipments of strawberries were continuing from early spring States and starting from various mid-spring States. Supplies of many spring vegetables are increasing as additional areas begin harvest but production of fresh market vegetables this spring is expected to be moderately smaller than both last year and the 1950-59 average.

Farm Product Prices Lower
in Mid-April

The mid-April Index of Prices Received by Farmers was 239 percent of its 1910-14 average, compared with 242 percent in April 1960. Prices for farm products at central wholesale markets have shown some further easing since mid-April. Through April 1961, farm product prices have averaged 2 percent above a year earlier.

Lower prices for milk, eggs, meat animals, chickens, and grain crops were primarily responsible for the 1.6 percent decline in the average of all farm product prices from mid-March to mid-April. Partially offsetting were higher prices for soybeans, cotton, and some vegetable prices.

Prices received by farmers for livestock and livestock products although trending downward in the first four months of this year, have averaged more than 3 percent above the same period a year ago. Prices of meat animals have held relatively steady during the winter and early spring in contrast to up-trending prices a year ago. The index of meat animal prices was 305 (1910-14 =100) in April, 7 percent above last summer's low, but still 5 percent below April 1960. In early May, central market prices for slaughter cattle were below year-ago levels, reflecting larger slaughter. On the other hand, prices to hog producers in April averaged \$16.90 per 100 pounds, 9 percent higher than a year ago. In recent weeks, hog prices have eased and prices this summer will

likely average close to last summer. Prices for broilers, turkeys, and eggs averaged lower in April than both the preceding month and the year earlier. Production of these items has been expanding as a consequence of the generally favorable prices received by producers in 1960. Dairy product prices declined less than seasonally between March and April. Prices were the highest for the month since 1953, reflecting the higher price supports for manufacturing milk and butterfat announced in early March.

Crop prices rose slightly between March and April to about the level prevailing in April 1960. Prices received by farmers for cotton, tobacco, and oil-bearing crops were as high, or higher than last month, and above a year ago. The April rise in the average price for upland cotton reflects the higher market prices which developed subsequent to the announcement of higher support prices for the 1961 crop of cotton. It is the first time since January 1959 that upland cotton prices at the farm level have been higher than the year earlier. Continuing sharp price increases for soybeans were almost entirely responsible for the rise in the index of oil-bearing crops. Total domestic supplies of soybeans the remainder of this marketing year will be somewhat smaller than in the spring and summer of 1960, thereby contributing to a tight supply situation. Prices for some fruits declined between March and April, but were substantially higher than last spring. Prices received by growers for apples, pears, lemons, and oranges in mid-April ranged from a fourth above to almost twice the prices in the same month in 1960, more than offsetting lower prices for grapefruit and limes. Feed grain prices declined between March and April after advancing more than seasonally from November to March, principally because of a sharp advance in corn and sorghum grain prices. A reduction in "free" supplies of corn, along with a generally good demand for livestock feeds, strengthened corn prices during the winter months.

Cash Receipts Ahead of Year Ago

The reduced volume of marketings and lower farm product prices reduced April cash receipts from marketings to \$2.1 billion, almost 5 percent below a year earlier. Receipts from livestock and products dropped 2 percent below April a year ago because of lower prices for cattle and calves and a general decline in poultry prices. Receipts from crops were off about 11 percent as marketings of feed grains, potatoes, truck crops and fruits were less than a year ago.

Despite the decline in April, cash receipts so far in 1961 are averaging nearly 7 percent higher than in the first 4 months of 1960. Total cash receipts from farm marketings in the first quarter of 1960 were at the low point for the year because of low prices, particularly for livestock, and reduced crop marketings. Some pickup in prices and increased marketings led to an improvement in cash receipts during the remainder of 1960. Farm product prices for the entire year 1961 are expected to average a little above 1960 and the volume of marketings is expected to continue large. As a result, cash receipts from marketings this year are expected to total above 1960, but probably by a lesser amount than indicated by the first four months of marketings and prices this year.

During January-April 1961, cash receipts from marketings totaled \$9.7 billion. Livestock receipts were \$6.2 billion, about 6 percent above a year earlier because more cattle, calves, milk, and chickens were sold and higher average prices were realized for hogs, milk, and eggs. Receipts from crops totaled \$3.5 billion for the four months, 9 percent higher than in January-April 1960, primarily because larger quantities of food and feed grains, cotton, tobacco, and oil crops were sold. The improved price of soybeans was a major contributor to larger cash receipts from that crop. Lower average prices for potatoes and lettuce during this period have held receipts below a year earlier, while cash receipts from fruits have increased largely because of higher prices for oranges and apples.

Farm Production and Living Costs Stable

Between March and April 1961 prices paid by farmers for production items declined slightly and family living items as well as interest and tax rates were unchanged. Farm wage rates rose 2 percent, aside from seasonal influences. The combined parity index held at 302 percent of the 1910-14 average for the past three months. Through mid-April of this year the parity index averaged less than 1 percent above the corresponding period a year ago. Prices paid for commodities and farm wage rates in the first four months of this year have risen only fractionally over a year ago, but interest payable per acre on farm real estate debt and farm real estate taxes payable per acre are each 7 percent higher than a year earlier.

The relative stability in prices paid by farmers for family living items reflects higher prices for food and clothing about offset by a 4 percent decline in auto and auto supply prices and somewhat lower prices for household building materials. Farm production cost-rates show little rise over a year ago because about 1 and $1\frac{1}{2}$ percent lower prices for feed and seed, and 3 percent lower prices for motor vehicles, about offset an increase of almost 2 percent in feeder livestock, 2.4 percent in farm machinery, and smaller increases in other production items.

Because of the fall in prices received by farmers between mid-March and mid-April the parity ratio declined to 79 from the 80 registered the previous month. So far this year the parity ratio has averaged 80, about 1 percent above the corresponding period last year, but unchanged from the average level for 1959 and 1960.

Increased Consumer Demand for Food

Retail sales by food stores in the first quarter of 1961 were nearly 4 percent higher than the year earlier. During this same period, retail prices for food at home rose almost $3\frac{1}{2}$ percent, so that there probably was some small increase in the total quantity of food demanded. This spring and early summer domestic supplies of food are expected to be about as plentiful as a year ago.

Expenditures for food were \$394 per person in 1960, about a 2 percent increase from the \$387 per person spent in 1959. Higher prices accounted for about half of this increase. Consumers spent about 20 percent of their disposable income for food in 1959 and 1960, compared with an average of about 26 percent in 1947-49.

Food Stamp Plan

About June 1 the Department of Agriculture will test the effectiveness of a Food Stamp Plan in eight areas throughout the country. These areas have a substantial and persistent labor surplus, with a relatively large proportion of the population receiving some form of public assistance. The program is a means by which additional food to needy individuals and families will be purchased through commercial market channels. Participants in the program will use special stamps to purchase most of their foods from cooperating neighborhood food stores.

Families will be certified as eligible for the program by the State and local agencies which presently administer Federally-aided public assistance programs under the Social Security Act. They will receive stamp coupons having monetary values, good for the purchase of most foods regularly available at cooperating retail stores. Only a single-purpose stamp coupon will be used which will be good for the purchase of any food item included in the program. Families will be required to purchase food stamp coupons in amounts about equal to their current expenditure for eligible foods. The actual value of the stamps issued to any one family will take into account such factors as family size and regional differences in consumption patterns and prices.

Marketing Charges Up During Year

Marketing charges for farm foods in the first quarter of 1961 averaged about the same as in the preceding quarter, but were 3 percent higher than a year earlier. Operating costs of firms marketing farm food products in the first quarter of this year were somewhat higher than a year earlier. A 4-percent rise in average hourly earnings of food marketing workers probably exceeded increases in output per man-hour. The farmer's share of the consumer's retail food dollar averaged 39 cents in the first quarter of this year, unchanged from the preceding quarter and the same as a year ago.

A moderate increase in overall marketing charges is likely in coming months. A further rise in labor cost is expected and prices of items marketing firms buy probably will average somewhat higher overall. In addition, transportation charges are expected to average a little higher this year because of small increases in railroad freight rates that became effective in October 1960.

Table 2.--U. S. exports, selected commodities, July-December 1959
and 1960 and January - March 1960 and 1961

Commodity	Unit	July-December		January-March	
		1959	1960	1960	1961
Cotton	Thou. ba.	2,226	3,123	2,715	2,666
Wheat, including flour ^{1/}	Mil. bu.	205.7	297.9	143.1	190.0
Rice ^{1/}	Mil. cwt.	8.5	9.6	6.5	6.9
Corn and cornmeal ^{1/}	Mil. bu.	121.5	129.2	48.3	71.0
Barley and malt	Mil. bu.	69.9	44.9	26.2	19.5
Oats and oatmeal	Mil. bu.	29.2	18.5	7.3	6.1
Grain sorghums	Mil. bu.	55.3	54.2	22.7	13.0
Tobacco, unmfed.	Mil. lb.	313.0	351.5	76.3	75.8
Soybeans	Mil. bu.	72.4	88.5	25.1	27.6
Soybean oil	Mil. lb.	519.2	535.3	139.6	138.5
Cottonseed oil	Mil. lb.	286.4	174.9	186.8	85.4
Lard	Mil. lb.	330.3	276.7	174.6	114.4
Tallow	Mil. lb.	753.7	710.9	402.4	365.8
Cattle	Thou. hd.	34.8	17.8	9.4	8.4
Baby chicks	Thou.	9,438	14,582	4,285	9,319
Hides and skins	Thou.	3,819	6,481	3,804	3,672
Value, total agri-cultural exports	Mil. dol.	2,178	2,487	---	---

^{1/} Includes exports for relief and charity.

Bureau of Census data.

Agricultural Exports Rise

During the first three months of 1961, agricultural exports totaled \$1.3 billion, 10 percent more than a year earlier. Wheat exports were up sharply and accounted for 80 percent of the net rise in export value. Other increases were in cotton, soybeans, and rice. Exports of breeding cattle and baby chicks also rose as a result of shipments to Cuba--which were halted in March when it was made clear that such production items fell under the general U. S. embargo, which excludes only food and drugs.

Nearly 20 percent of total agricultural exports moved under Title I of P. L. 480 during the first quarter of 1961. Exports under this program are expected to continue at about the current rate throughout 1961. The new authorization for an additional \$2 billion (CCC cost) for Title I during 1961 is expected to be used largely for sales to Pakistan, Brazil, etc. The new authorization was needed as the \$1.5 billion (CCC cost) previously authorized for 1961, had largely been committed. This included the amount for the balance of the 4-year India program.

The large Title I exports will help raise total farm exports to new highs. In addition, U. S. food shipments to the Congo used stocks located abroad which will have to be replenished. Further commitments in the Congo, Tunisia and Korea will raise relief shipments in 1961.

Dollar sales during 1961 will be assisted by a strong foreign demand for wheat, cotton, and fats and oils, which may be reinforced by reduced supplies from the Sino-Soviet Bloc. Communist China has recently purchased wheat from Australia, wheat and barley from Canada, and fats and oils on the open market. This indicates extensive food shortages on the Chinese Mainland even though production data are fragmentary. Food grain output in Eastern Europe and the USSR has also declined.

FACTORS AFFECTING DEMAND FOR FARM PRODUCTSRise in Manufacturers'Sales, Orders and Backlogs

Manufacturers' new orders rose in February for the first time since last September, aside from seasonal factors, and another sharp gain was registered in March. New orders totaled \$29.8 billion in March, 2 percent above February but still 2 percent below the same time last year. The recent increases in orders occurred over a wide range of products in durable and nondurable goods industries. The largest gains were in fabricated metal products and transportation equipment.

Manufacturers' sales also rose in February and March, after declining almost steadily for 11 months. Sales in March totaled \$29.5 billion, 2 percent above February but 4 percent below last March. Most of the recent advances were in durable goods industries, particularly fabricated metals and transportation. Among the nondurable goods, gains were concentrated in textiles and chemicals.

Table 3.--Manufacturers' sales, new orders, unfilled orders and stock-sales ratio (seasonally adjusted)

Item	Unit	March 1960	1961			Percent change March 1961 from March 1960
			Jan.	Feb.	Mar.	
Sales	Bil. dol.	30.8	28.7	29.0	29.5	-4.2
New orders	Bil. dol.	30.3	28.5	29.1	29.8	-1.7
Unfilled orders 1/	Bil. dol.	49.5	45.3	45.5	45.8	-7.5
Inventories	Bil. dol.	54.3	53.7	53.6	53.3	-1.8
Stock-sales	Ratio	1.76	1.87	1.85	1.81	---

1/ Not seasonally adjusted.
Department of Commerce.

Since the rise in manufacturers' new orders has been greater than the rise in sales, the backlog of unfilled orders also increased during those months. This is a turnaround from an almost continuous decline in the order backlog since November 1959. The rising backlog of orders will in turn provide support for further advances in manufacturers' sales.

Changes in Retail Trade

Retail sales hit their recession low in January and have shown some improvement since, but the gains have been unsteady. From the January level of \$17.8 billion, sales showed a slight increase in February (after adjustment for seasonal factors). Sales in March rose to \$18.2 billion. April trade, however, fell $1\frac{1}{2}$ percent to a little less than \$18.0 billion, with declines in sales of both durables and soft goods. Sales were 5 percent below last April.

Table 4.--Trade sales and inventories and stock-sales ratios (Seasonally adjusted)

Item	Unit	March 1960	1961			Percent change March 1961 from March 1960
			Jan.	Feb.	Mar.	
Retail trade:						
Sales	Bil. dol.	18.2	17.8	17.9	18.2	0
Inventories	Bil. dol.	25.1	25.2	24.9	24.4	-2.8
Stock-sales	Ratio	1.38	1.42	1.39	1.34	---
Wholesale trade:						
Sales	Bil. dol.	12.2	12.2	12.9	13.2	8.2
Inventories	Bil. dol.	12.8	13.1	13.2	13.3	3.9
Stock-sales	Ratio	1.05	1.07	1.02	1.01	---

Department of Commerce.

New cars sold by dealers in April totaled 460,000 units. On a per selling day basis this amounted to about 18,400 cars a day, around 3 percent higher than in March, uncorrected for seasonal movement. But sales were still 17 percent below April 1960 and about 5 percent less than in April 1959. Last month's boost in sales resulted in a counterseasonal decline in dealers' stocks of new cars of about 35,000 to a level of 910,000 units at the end of April. This compares with an inventory of slightly more than a million units at the end of April last year.

Department store sales rose by nearly 3 percent in April, aside from seasonal influences. This was $5\frac{1}{2}$ percent above the recession low in January but 3 percent below last April, the record month for department store volume.

Along with the March pickup in retail sales, installment credit outstanding also rose, aside from seasonal influences, after declining in January and February. Most of the rise reflected the gain in automobile sales. Total consumer credit outstanding at the end of March amounted to \$53.9 billion, an increase of \$206 million, seasonally adjusted, from the end of February and compared with \$51.3 billion at the end of March last year.

Inventory Decline Continues

The inventory liquidation which began last summer continued unabated through the end of March. Most of the liquidation in recent months has centered in finished goods; stocks of purchased materials and goods-in-process have remained relatively stable. The current situation contrasts with the early phase of the inventory downturn last summer. At that time stocks of finished goods mounted as sales fell off and raw materials and goods-in-process continued to be worked up into finished products. Stocks of purchased materials and goods-in-process were sharply liquidated in the early stages of the recession as manufacturers attempted to adjust their inventory positions to declining sales. The present situation, with inventory liquidation concentrated in finished goods held by manufacturers and retailers, indicates that sales are currently exceeding production.

Total manufacturing and trade inventories in March declined by \$600 million, or 1 percent, after seasonal adjustment. Total sales during the same month rose by 2 percent. If total sales continue to expand at this rate, stocks will become too low to meet demands. Such a development will provide the basis for both an upsurge in production and an end to inventory liquidation.

Industrial Production Picks Up in March and April

The Federal Reserve Board's index of industrial production, which measures monthly output of the Nation's factories, mines, and utilities rose 3 percent to 105 (1957=100) in April. During the first 3 months of the year this index had remained stable at a low of about 102. Industrial output reached a peak in May 1960 and then declined during the next 9 months as

orders fell off and stocks were worked down to meet current demand. Total industrial production fell 7 percent between May 1960 and February 1961. Most of the decline occurred in durable goods manufacturing which dropped 12 percent over the period. Nondurables manufacturing dipped less than 4 percent; output of mines remained relatively unchanged, and utilities output increased 3 percent. The recent pickup has been concentrated in durable manufacturing, particularly passenger cars. Aside from seasonal factors, the index of auto production rose 30 percent last month. Nondurables manufacturing and utilities also advanced moderately last month, but there has been no upturn in mining activity as yet.

Signs of Pickup in Housing Market

Construction expenditures in April totaled \$55.8 billion, at a seasonally adjusted annual rate. This was 2 percent above the previous month and the first increase since December. Most of the gain was in residential construction, both farm and nonfarm, and in schools and hospitals. Public construction increased slightly and building by industrial and commercial firms showed declines. Total construction expenditures in April were 3 percent higher than in April 1960 and close to last December's peak.

Housing has been a major source of strength in the construction sector during the past few months. New housing starts hit a recession low of less than a million units (annual rate) last December. Since then, they have shown a substantial recovery. Private nonfarm starts in the first 4 months of this year averaged close to 1.2 million units compared with close to 1.3 million in the corresponding period last year. The highest rate last year was a little under 1.4 million units, reached in January and February. The total for the year was 1.2 million units. Indicators point to some further strengthening in the housing sector in the next few months. In addition to the rise in new starts, which is reflected after a short lag in higher construction outlays, applications for FHA commitments rose from January through March with a pronounced increase in the latter month. Requests for VA appraisals also rose sharply in February and March.

Unemployment Declines Seasonally

The Department of Labor reported that unemployment fell by 533,000 to a level slightly below 5 million persons between mid-March and mid-April. This reduced the seasonally adjusted rate of unemployment from 6.9 to 6.8 percent of the civilian labor force, but the Department reported that this decline was not significantly different from the normal seasonal drop. The rate remains well above the 5.1 percent rate of April 1960 and, except for March, was the highest in the past $2\frac{1}{2}$ years. Long-term unemployment (persons out of work for 15 weeks or longer) rose by nearly 300,000 to 2.1 million in April, a record for the postwar period and nearly a million higher than at the same time last year.

Nonfarm employment in April rose about the usual seasonal amount to a level of 60.7 million. During the three previous months, gains had been somewhat more than seasonal. The number of jobs was still slightly below the April 1960 level. The number of workers on industry payrolls, however, registered a substantially greater than seasonal increase, the first since early last year. Small gains were reported in a number of durable goods manufacturing industries; job cutbacks had been taking place in this sector for more than a year. A relatively large increase occurred in the construction industry for the second successive month.

Increase in Overtime Hours

The factory workweek registered a small contraseasonal increase in April to 39.2 hours. Average overtime hours also increased slightly to 2 hours. Both average and overtime hours were fractionally below a year earlier. Average weekly earnings increased by 63 cents to \$91.34, mostly as a result of the lengthening workweek.

Cold and wet weather in most areas of the Nation, together with the long-term downtrend in farm employment, kept down the active farm work force in April to the smallest number on record for the month and 4 percent below April last year. The Statistical Reporting Service's index of total farm employment was 51 (1910-14=100) last month compared with 53 at the same time last year.

Balance of Payments

The U. S. balance of payments deficit during the first quarter of 1961 totaled \$300 million, compared with \$1.2 billion in the previous quarter and \$616 million a year earlier. The quarterly deficit was the smallest in 4 years: during the first quarter of 1957, when exports were swelled by shipments attendant to the Suez crisis, the deficit was \$157 million. Some of the improvement during January-March 1961 stemmed from the extraordinary high level of exports and decline in imports, which raised the quarterly merchandise trade surplus to \$1.7 billion, seasonally adjusted. Most of the improvement, however, was due to a decline in the outflow of U. S. capital and a resumption of foreign investment in U. S. corporate securities. Gold sales, which had been especially heavy during the fourth quarter of 1960, came to a halt in February and March.

The \$3.8 billion deficit in the balance of payments occurred despite the large increase in net exports from 1959. Exports rose from \$16.2 billion to \$19.4 billion in 1960, imports fell slightly, and there was a merchandise export surplus of \$4.7 billion. Net income from services (excluding military expenditures abroad) and investments amounted to another \$2.2 billion. These net receipts of \$6.9 billion fell short by only about \$1 billion of meeting the cost of military expenditures abroad, net Government grants and credits and net long-term private investment. These same transactions in 1959 had produced a shortfall of \$4.2 billion. However, the movement of private short-term funds, recorded and unrecorded, almost fully offset the improvement noted above.

The expected large merchandise trade surplus and a smaller private capital outflow should greatly relieve the U. S. balance of payments deficit. During the first quarter exports were at an annual rate in excess of \$20 billion while imports were at a rate of \$13.5 billion. In March, however, the expected small decline in exports and rise in imports was already noted, and the 1961 trade surplus, while substantial, will be below the first quarter rates. Also aiding the balance of payments will be reduced offshore procurement under the foreign aid programs and other dollar-saving measures effected by the Government in recent months.

Net foreign grants and credits during 1961 are not likely to change much from 1960 despite increased foreign aid commitments to Latin American and other areas, some further rise in P. L. 480 transactions and expanded Export-Import Bank financing. These increases are likely to be offset by German prepayment of close to \$600 million of her postwar indebtedness to the United States. During 1960, about 40 percent of U. S. foreign grants and credits were in the form of agricultural commodities or foreign currency proceeds from their sale.

CURRENT COMMODITY SITUATION

Livestock and Products

Meat Animals

Relatively stable prices are in prospect for most classes of meat animals until about mid-year. Fed cattle marketings will be larger than a year earlier but grass cattle slaughter will be seasonally low. Modest seasonal price advances are expected to get under way soon for hogs and lambs. Meat production this spring and early summer will probably be a little larger than a year ago.

Cattle feeders are apparently carrying out April 1 plans for larger sales of fed cattle in April-June. Receipts of steers and heifers at 12 leading markets in April were 10 percent larger than in April 1960. Fed cattle marketings in California and Arizona in April were up 37 percent. Demand for fed cattle has been sluggish, and this winter's downtrend in prices persisted in early spring. For the next few weeks, however, prices will likely hold close to present levels, and an uptrend to a summertime peak appears possible later.

The pattern of slaughter for cattle and calves this year indicates that the buildup in cattle inventories will continue during 1961, although the rate of expansion seems to be slowing. In general, pastures are off to a good start this year and cattlemen appear optimistic.

The week ending May 13, barrow and gilt prices at 8 Midwest markets averaged \$16.32 per 100 pounds, \$.34 above a year earlier but \$2.00 below this year's peak in February. Hog slaughter will be seasonally smaller in the next several months but will probably pull ahead of year-earlier rates about midyear. Hog prices will rise seasonally later this spring and for the summer months may average close to last summer. Prices this fall will be moderately below last fall.

Heavy slaughter this year has postponed the seasonal price rise for lambs. Early in May Choice slaughter lambs at Chicago were about \$16.00 per 100 pounds, nearly \$1.00 below January but \$5.50 below a year earlier. Marketings of fed lambs from the Corn Belt and new crop lambs from the early lamb States were both earlier than usual. During the next few months fed lamb supplies will be noticeably lower and, unless an unusually small part of the early lamb crop is intended for flock replacements, marketings of these lambs should be little, if any, larger than last year. Hence, a substantial recovery in lamb prices is expected.

Government purchases of frozen lamb carcasses was resumed May 12 because of the continued surplus of lamb and unfavorable prices to producers. In the period February 27 to April 14 the Department of Agriculture purchased 9.9 million pounds of frozen carcasses for distribution to eligible non-profit charitable institutions.

Cash receipts to farmers from the sale of meat animals in 1960 totaled \$10,930 million, 3 percent less than in 1959. The number of pounds of cattle and calves marketed was record high, exceeding slightly, sales in 1956 when cattle numbers were being reduced. Prices for hogs were higher in 1960 than in 1959, but prices were lower for cattle, calves, sheep and lambs.

Retail meat prices this year have averaged above last year due largely to higher pork prices. Some seasonal increase in retail meat prices is likely this summer. More beef will probably be available per consumer this spring and early summer than last, but pork will continue less plentiful. Beef consumption for 1961 is forecast at near last year's rate of 85.2 pounds per person. Consumers will probably have 1-2 pounds less pork than the 65.3 pounds consumed in 1960.

Dairy Products

The increase in milk flow over a year earlier has been expanding since the year began. Compared with 1960, the rate of milk production this year was up almost 1 percent in January and February, and a little more in March and April. Favorable pasture development and a step-up in the quantity of concentrates fed to dairy cattle have been mainly responsible for the larger output. Milk production for the year as a whole may reach 125.0 billion pounds, up from 122.9 billion in 1960.

Prices to farmers for milk for manufacturing will be well above 1960 through August; thereafter, they will more closely approximate the year-earlier level. Support prices were increased in mid-September last year from \$3.06 to \$3.22 per hundredweight for manufacturing milk. In the last quarter of 1960, a strong demand for milk used to make Cheddar cheese held manufacturing milk prices well above supports. Farmers in April received \$3.39 (adjusted to annual average milkfat content) per hundredweight for milk for manufacturing purposes, compared to \$3.23 in April 1960. The wholesale price for all milk will not show as great an increase in 1961 as the manufacturing milk price.

Little change occurred in the wholesale prices of major manufactured dairy products, with the exception of nonfat dry milk, following the March 10 increase in supports. The CCC purchase price for butter was not changed in

March. CCC increased its purchase price for cheese by 1.85 cents and nonfat dry milk by 2.0 cents per pound. Market prices of cheese which were somewhat above supports, now are close to the new CCC purchase price and at the end of April were slightly less than in March.

Per capita consumption of whole milk and ice cream, measured in terms of milkfat, declined in 1960, although disposable income was well maintained. Butter consumption per capita in commercial outlets in 1960, at 6.8 pounds, was the same as a year earlier. Total consumption per capita declined because of reduced Government distribution for school lunch and welfare uses. Total per capita use of cheese and nonfat dry milk established record highs of 8.4 and 6.4 pounds, respectively.

Purchases of butter and cheese by the Commodity Credit Corporation since April 1, the beginning of the current marketing year, have been substantially greater than a year ago, on a milk equivalent basis. Deliveries of nonfat dry milk in April were a little higher than in 1960.

Poultry and Eggs

Current slaughter of broilers is one-fifth above last year; of turkeys, one-half above. Egg production is past the seasonal peak, and at a level only slightly below last year. A weak storage demand--anticipating large egg production this fall--and current large supplies, are holding prices at levels substantially below the previous year.

Egg prices to farmers, which averaged 33.4 cents per dozen in mid-April, were 2.9 cents lower than mid-April 1960. Since then net changes in terminal market quotations have been downward. The principal force sustaining egg prices now is the demand from commercial breakers, who supply both the USDA dried egg program and the increasing quantities now being put into private storage. Commercial storage of shell eggs has also picked up in the past few weeks, particularly since Chicago future contract prices rose several cents above cash egg prices.

Hatchery output of replacement chicks in April tapered somewhat from the large increases over the year before that occurred in January-March. January-March hatchings were 29 percent above last year; April hatchings were only 6 percent above; and May 1 eggs in incubators were down 14 percent. Despite the downward trend as the season progresses, chick hatchings for the season as a whole will be close to the 12 percent increase intended by producers in January. The laying flock and egg production will exceed the previous year in the last half of 1961.

Recent slaughter of broilers in inspected plants (covering about 85 percent of U. S. production) has been about 20 percent above last year. This has been mostly from February chick placements, which were up 13 percent from the preceding February. March placements, covering 22 States which produced 91 percent of the 1960 broiler crop, were 17 percent above March 1960, while April was up 28 percent from the year before. The egg settings which are the basis for May hatchings were up only 16 percent. These data suggest large supplies of broilers well into July, and only moderate relief from the mostly-13½-cent broiler prices which prevailed in Southern producing areas in mid-May. The mid-

April U. S. average farm price was 15.1 cents per pound, contrasted with 17.4 cents the previous April.

The 1961 turkey crop will exceed the record production of 1960, when the 85 million turkeys raised sold at an average price of 25.4 cents per pound. The mid-April price to farmers, 22.1 cents, was 5.4 cents lower than last April. Current turkey slaughter is seasonally light, but it far exceeds last year, and will continue above last year during the major marketing season. Through May, the 1961 hatch of poults will be about 25 percent above last year, assuming that the May hatch is in proportion to the number of eggs in incubators at the beginning of the month.

Wool

World wool prices can be expected to remain at about current levels for the rest of 1961. World production and consumption are approximately in balance and world stocks of raw wool and wool products are relatively low. Some increase in the demand for wool is expected in the latter half of 1961. In mid-May world prices for fine and medium wools were the highest of the season, 8 to 16 percent above the August-September opening level, and 2 to 6 percent above a year earlier.

The average price received by U. S. growers for shorn wool is expected to increase moderately the next 2 to 3 months because of increased mill activity. The mid-summer peak in prices will probably not be as high as the 45 cent peak of last year. However, prices received will probably not decline during the fall of 1961 as low as the 39 cent level of last fall because the anticipated increase in mill activity in the last half of 1961 will tend to stabilize prices.

Commercial stocks of raw apparel wool on January 1, 1961, as reported by the Bureau of the Census totaled 91.3 million pounds, scoured basis, 9 percent less than a year earlier. Carpet wool stocks amounted to 40.7 million pounds, 20 percent less than on January 1, 1960.

Per capita domestic consumption of wool was 2.96 pounds in 1960, 5 percent less than in 1959, but 4 percent more than the 1955-59 average. The import balance of foreign trade in wool products in 1960 amounted to 0.71 pounds of wool or 24 percent of the per person domestic use of wool. The per capita domestic use of apparel wool in 1960 was 1.91 pounds, 5 percent less than in 1959. The foreign trade import balance of apparel products accounted for 0.55 pounds or 29 percent of the domestic consumption of apparel wool. Domestic consumption of carpet wool was 1.05 pounds in 1960, 4 percent less than in 1959. The import balance of foreign trade in rugs and carpeting accounted for 0.16 pounds or 15 percent of the domestic per capita use of carpet wool.

U. S. mill consumption of apparel wool during January-March 1961 was 57.4 million pounds, scoured basis, 11 percent less than the first 3 months of 1960. The seasonally adjusted average weekly rate of apparel wool mill use has been below that of a year earlier each month since February 1960. Carpet wool mill use during the first 3 months of 1961 was 35.5 million pounds, scoured basis, 26 percent less than during January-March 1960. The seasonally adjusted average weekly rate of mill use has been declining each month since November 1960.

Imports and exports of semiprocessed and manufactured wool products during January-February 1961 were at levels generally below 1960 but above those of 1959. The raw wool content of imports totaled 20.0 million pounds, and exports, 0.7 million pounds, leaving an import balance of 19.3 million pounds, or 29 percent less than the same 2-month period of 1960, but 20 percent more than in January-February 1959.

During early 1961, monthly imports of raw wool have been larger than in the last half of 1960, but below the level of early 1959. Imports of raw wool during January-March 1961 totaled 63.8 million pounds, clean content. Dutiable imports amounted to 23.3 million pounds, 10 percent less than the same quarter a year earlier. Imports of duty-free wool totaled 40.5 million pounds during January-March 1961, 7 percent less than the first 3 months of 1960.

World wool production totaled 5,541 million pounds, grease basis, during the 1960-61 season according to reports compiled by the Commonwealth Economic Committee, 2 percent less than the record high of 5,612 million pounds in 1959-60. On a clean basis, world production amounted to 3,184 million pounds in 1960-61 compared with 3,221 million pounds in 1959-60.

Crops

Wheat

Exports of wheat and products in 1960-61 are now expected to total 650 million bushels, up from the previous estimate of 620 million. This is an all-time record and 100 million bushels above the previous record in 1956-57. With domestic use estimated at about 610 million bushels, total disappearance will be about 1,260 million bushels.

The total supply of wheat for the current marketing year is estimated at a record 2,685 million bushels. It consists of the carryover of 1,314 million bushels, the 1960 crop of 1,363 million and probable imports of 8 million, mostly of feeding quality and seed wheat. On the basis of these figures the carryover July 1, 1961 would total 1,425 million bushels, over 100 million bushels above a year earlier.

The 1961 winter wheat crop was estimated at 1,096 million bushels as of May 1, down 3 million from the estimate of a month earlier. The first estimate of spring wheat will be made June 9. If spring wheat farmers carry out their intentions to seed 12.2 million acres and yields per seeded acre equal the 1956-60 average, an all-spring wheat crop of about 228 million bushels would be produced. This, together with the estimated winter crop, would total around 1,325 million bushels. A crop of this size would result in a small increase in the carryover on July 1, 1962, if domestic use and exports in 1961-62 are about 610 and 625 million bushels, respectively.

The price of spring wheat at Minneapolis has recently been the highest since July in contrast with other markets, reflecting relatively light free market supplies and the opening of navigation through the lakes. With ample "free" supplies elsewhere until new-crop wheat becomes available, prices at all other terminals have declined generally from high levels in late January and early February. Prices of winter wheat usually reach their lows in late June or early July. Prices of spring wheat reach their lows later because of the later harvest. Prices will advance again, after the heavy movement slackens following harvest, as in other years, because of participation in the price support program.

On May 18, the price of No. 2 Soft Red Winter at St. Louis at \$1.83 was 37 cents below the high for November 30; No. 2 Hard Red Winter, ordinary protein, at Kansas City at \$1.95 was 11 cents below the high on January 30; No. 1 Soft White at Portland at \$2.00 was 17 cents below the high on February 7, and No. 1 Dark Northern Spring, ordinary protein, at Minneapolis, at \$2.14 was 7 cents, below the high on July 11. Compared with a year earlier, the price at Portland was 4 cents lower, at Minneapolis 9 cents lower, and at St. Louis 17 cents lower. The National support rate to growers at \$1.78 is 3 cents below a year earlier.

The price of No. 2 Soft Winter at St. Louis on May 18 was 24 cents below the support; No. 2 Hard Red Winter at Kansas City, 12 cents below and No. 1 Dark Northern Spring at Minneapolis, 1 cent below. The price of No. 1 Soft White at Portland was about equal to the support.

Feed Grains

Below average temperatures and excessive rainfall in the Eastern third of the Nation held back planting and growth of feed crops in April and early May. Oats seeding is two weeks or more behind schedule in North Atlantic and East North Central regions but other areas are ahead of late 1960 season. Barley seeding in important States is ahead of last year but not equal to usual progress. Soil moisture is ample in most areas for early growth of feed crops. Pastures and hay crops have developed slowly and pasture conditions were below last year but above average as of May 1.

Rapid progress is being made on the sign-up of farmers under the 1961 emergency feed grain program. Deadlines for signing up have been established for each State at not later than the national deadline of June 1. Through May 12, corn producers had signed up to divert 14.2 million acres of corn to soil conserving uses. The base acreage (1959 and 1960 average) for these producers was 34.5 million acres or 41 percent of the National base acreage of 83.6 million acres. The 14.2 million acres is about 40 percent of base acreage of the participating farms. This indicates that many producers are signing up to place substantially more than the 20 percent minimum required to participate in the program. Through May 12 grain sorghum producers had signed up to divert 2.5 million acres. The participating farmers had a base of 5.9 million acres or 32 percent of the National base acreage.

October-March disappearance of feed grains reached a new record high, 2 percent over the high level in that period of 1959-60. For the entire year total disappearance is expected to be a little above the 1959-60 record with all of the prospective increase in livestock feeding. Based on present indications, total disappearance of feed grains will fall around 10 million tons below the record 1960 crop of 168 million tons, increasing the carryover from 75 million tons in 1960-61 to around 85 million tons in 1961-62.

Corn disappearance so far in 1960-61 has been a little higher than in the same period of 1959-60 and for the entire 1960-61 marketing year it is expected to be up to about 4.1 billion bushels, about 100 million more than in 1959-60. The carryover on October 1, 1961 is expected to total around 2.0 billion bushels, more than 200 million above the carryover last year. The sorghum grain carryover is expected to increase about 25 percent to 725 million bushels. A larger oat carryover also is in prospect, while the barley carryover will be about the same as in 1960.

Domestic consumption of oilseed meals was 6 percent larger in October-March this year than last, with soybean meal accounting for much of the increase. Domestic demand for protein feeds has been much stronger this winter and spring than a year earlier. The sharp advance in protein feed prices since last fall brought the April average to 12 percent over a year earlier. Foreign demand, on the other hand, has been down and total exports were 31 percent below the high level for that period of 1959-60.

Feed grain prices advanced during April, following the sharp decline in the last half of March. In mid-April prices received by farmers averaged 8 percent lower than a year earlier. Prices received by farmers for corn have averaged about \$1.00 per bushel in recent months. Corn prices probably will strengthen during the next few months, because of the relatively tight supply of "free" corn available for the remainder of the marketing year. With smaller feed grain production expected in 1961 under the emergency feed grain program, and higher supports, feed grain prices probably will average higher in 1961-62 than for the current feeding year, when prices dropped to the lowest level since World War II.

Farmers are expected to place a record quantity of feed grains under price support in 1960-61, totaling around 24 million tons, about 5 million tons more than in 1959-60. Through March farmers had placed 516 million bushels of corn under the program, up 73 million bushels from a year earlier. The total quantity for the entire year probably will exceed the 1948-49 record of 551 million bushels. Larger quantities of oats, barley and sorghum grain also were placed under price support this year than last.

Oilseeds, Fats and Oils

Prices to farmers for 1960 crop soybeans advanced sharply to \$3.02 per bushel in April from \$1.94 last October under the stimulus of record soybean crushings and exports. During the 1959-60 marketing year, monthly average farm prices were relatively stable at around \$2.00 per bushel. The 1960 season average price received by farmers was estimated at \$2.21 per bushel, 25 cents more than for the 1959 crop.

Soybean supplies during June-September this year will be somewhat smaller than the same time last year, and demand will continue stronger. Prices of soybeans through mid-summer will continue strong and average sharply above last year as bean crushers and exporters compete for the smaller current supply of beans. Thereafter, prospects for the new crop soybeans will affect prices. Favorable prices will encourage the early movement of 1961 crop beans.

Soybean crushings in October-April 1960-61, (April estimated) totaled 252 million bushels, 14 million more than last year. Crushing for the entire marketing year probably will total about 400 million bushels compared with 392 million in 1959-60. This would require an average grind of about 30 million bushels per month during May-September 1961, compared with 31 million per month last year. Most of the impetus to the heavy crush is coming from the strong domestic and export demand for edible oils along with the heavy rate of feeding of high-protein feeds.

Soybean exports, which have moved at a record clip so far this season, are likely to drop behind last year's rate this summer. Based in part on inspection data, exports from October 1, 1960, through May 12 totaled about 99 million bushels, 9 million more than the same period the previous year. Exports for the 1960-61 marketing year will probably be limited to around 141 million bushels or approximately the same as in 1959-60.

Last year soybean exports during May-September were unusually heavy as the U. S. was the only major supplier of oilseeds that had larger quantities available for export and our beans were competitively priced in the world market. While supplies from other countries are again limited this year, the current strong domestic demand and high prices of U. S. beans will result in reduced U. S. exports this summer as foreign users are expected to buy on a hand-to-mouth basis and switch to other lower-priced fats and oils insofar as possible. Soybean inspections for exports during May-September 1961 are expected to average about 2.1 million bushels weekly compared with the 2.6 million rate last year.

Based on a total crush of 400 million bushels for 1960-61 and exports of 141 million bushels, the carryover of 1960 crop soybeans on October 1, 1961 will be about 5 million bushels, down sharply from the 23 million bushels last year and the smallest bean inventory since 1956.

Wholesale prices of soybean oil, cottonseed oil, and lard have increased more than one-third during October-April 1960-61. Prices will probably remain relatively stable this spring and summer, averaging well above the same period last year.

Fruit

For the fourth year in a row, production of peaches in the 9 southern commercial peach States will be approximately 16 million bushels, if the crop turns out as large as seemed likely on May 1. The prospective 1961 crop is 1 percent above 1960 and 58 percent above average. Harvest was expected to start in the last half of May, about a week earlier than in 1960. In

California, the other big supplier of fresh market peaches during spring and early summer, prospects on May 1 were favorable for another above-average crop. Harvest of California freestone peaches started in early May. Production of California plums and sweet cherries is expected to be larger than in 1960, but that of apricots smaller.

Total production of strawberries in 1961 is expected to be about 464 million pounds, a little less than in 1960 but slightly above average. Larger crops than last year are indicated for both the early spring and late spring States. Production in the mid-spring States is 4 percent less than last year. In early May, fresh market shipments from early spring States, especially Louisiana, were continuing. Shipments from various mid-spring States were starting, though those from California had been underway for several weeks. With shipments in early May heavier than a year earlier, prices at shipping points in Louisiana and California averaged somewhat lower than comparable prices last year. Cold-storage stocks of frozen strawberries on May 1, 1961, were about 4 percent larger than a year earlier. But stocks of all frozen fruits (excluding juices) were up 8 percent.

Movement of fresh apples and pears from cold storage to market continued good during April. On May 1, stocks of apples were a little larger than a year earlier. Shipping point prices for apples of top quality and good condition continued somewhat higher than prices in the spring of 1960. Stocks of pears on May 1 were seasonally light and much smaller than a year earlier. They will decrease rapidly over the next few weeks as the end of the season nears. With weekly shipments decreasing noticeably since mid-April, terminal auction prices for pears have been increasing and in early May averaged much above year-earlier levels.

Remaining supplies of 1960-61 crop oranges, grapefruit, and lemons were somewhat larger on May 1 than comparable supplies a year earlier, when movement to that date had been heavier. In early May, shipping point prices for both Florida and California oranges averaged considerably higher than a year earlier. Shipping point prices for Florida grapefruit continued much below prices in the spring of 1960. Prices for Florida oranges and grapefruit increased moderately in early May.

With the increased maturity of Florida Valencia oranges in April, weekly use for frozen concentrate increased rapidly. By May 6 of the 1960-61 season, the pack of frozen orange concentrate totaled about 62 million gallons, 9 percent larger than a year earlier. Packers' stocks were up 5 percent. In contrast, the packs of most canned single-strength juices were much smaller than a year earlier and stocks also were down. With rising retail prices for frozen orange concentrate and canned single-strength orange juice, purchases by household consumers since January 1, 1961, dropped somewhat under comparable purchases in 1960.

Packers' stocks of 9 items of canned deciduous fruits from the near-record 1960 pack were about 6 percent larger on April 1, 1961, than comparable stocks last year. Wholesale distributors' stocks of the same items were up about 3 percent.

Commercial Vegetables

For fresh market--Production of fresh market vegetables this spring is expected to be moderately smaller than both last year and the 1950-59 average. Materially larger production than last year is in prospect for such important items as cabbage, celery, and spinach, and slightly larger for tomatoes. But indicated production is substantially smaller for asparagus, snap beans, sweet corn, lettuce, carrots, onions, green peppers, and eggplant, and moderately smaller for broccoli, and cauliflower. Prospective production of cantaloups is about 13 percent smaller than last year, and the late spring watermelon crop is down 21 percent.

Supplies of many spring vegetables will increase rapidly in the next 4-6 weeks as additional areas begin harvest, and prices to growers are expected to decline seasonally.

For processing--Aggregate movement of canned vegetables so far this season has been about the same as a year earlier. But movement of a number of frozen items has been somewhat smaller than in the 1959-60 season, when a winter shortage of many fresh items stimulated movement of frozen. Remaining supplies of canned items are moderately to substantially smaller than a year ago, but supplies of frozen vegetables are substantially larger. Except for canned and frozen green peas, and some items in the canned corn line, supplies appear adequate.

With stocks of canned vegetables expected to be materially smaller at the end of the season than at the beginning, processors are planning a larger pack this year. March and April intentions reports, for 9 vegetables which make up about 90 percent of the processing tonnage, indicate about a tenth larger acreage than last year. Acreage and combined production of winter and early spring spinach were down slightly from 1960. But prospective acreage of all other processing crops is larger. Materially larger acreages are planned for lima beans, beets, sweet corn, green peas and cucumbers for pickles, and moderately larger acreages of snap beans, tomatoes, and contract cabbage for kraut. If growing conditions on the indicated acreage are near the average of recent years, aggregate production for canning probably will be slightly larger than in 1960, and the frozen pack substantially larger. Because of smaller beginning stocks, total supplies of canned vegetables next season are likely to be about the same as in the current season, and supplies of frozen vegetables materially larger.

Potatoes

Supplies of potatoes continue a little larger than those of a year earlier, and prices substantially lower. Old crop potatoes are expected to clean up later than last year, and movement of new crop supplies will pick up rapidly during the next few weeks. Indicated production of the important late spring crop, at 27.2 million hundredweight is close to the large crop of last year and more than a tenth above the recent 10-year average.

Cotton

Cotton consumption during the current season is running at a rate of about 8 million bales compared with about 9 million bales during 1959-60. But, consumption of cotton during the latter half of 1961 probably will increase over the current level. In recent months, the ratio of stocks to unfilled orders for broadwoven goods has declined. The movements in this ratio usually lead inverse changes in mill consumption of cotton by several months.

From August 1, 1960 through March 1961, exports of cotton from the United States were about 5.1 million bales compared with 4.8 million during the same period a year earlier. However, exports during the entire 1960-61 season are expected to be about 6.5 million bales, approximately 700,000 bales below the total for the 1959-60 marketing year. Registrations under the payment-in-kind program in recent weeks have been smaller than in corresponding weeks a year earlier. Total registrations under this program through May 12 of 6,171,611 bales were 353 thousand bales smaller than registrations to approximately the same date a year earlier.

The 1960 cotton crop of about 14,272,000 bales was about 286,000 bales smaller than last year, although it was produced on more acreage. The average yield per harvested acre was 446 pounds on approximately 15,309,000 acres for the 1960 crop, or 15 pounds less than for the 1959 crop harvested on 15,117,000 acres.

The average price received by farmers for 1960 crop cotton to April 1, 1961, is estimated at 30.10 cents per pound, compared with the 1959 season average price at 31.66 cents. Because of the lower price and a smaller crop, the value of cotton production for 1960, at \$2,146 million was \$159 million below the value of the 1959 crop. The average price received by farmers for cottonseed was \$42.50 per ton compared to \$38.80 per ton for the 1959 crop. The values of cottonseed production were about \$250 million and \$232 million, respectively.

In recent weeks, the average 14 spot market price for Middling 1 inch cotton has tended to increase. The average April price of 31.41 cents per pound was 0.34 cents above the previous month. The average price for March was 0.66 cents above February. By May 16 the average price in these markets had increased to 31.80 cents per pound.

During the first 3 months of 1961, the cotton equivalent of textile imports was below that of a year earlier, but the cotton equivalent of textile exports was above. Exports were larger than imports. Imports during January-March 1961 were equivalent to about 96,400 bales, compared with about 133,000 in the same months a year earlier. Exports in January and February of 1961 were equivalent to about 134,600 bales compared with approximately 128,800 bales in the same months of 1960. These comparisons do not necessarily indicate changes in trends. Data for the next few months will be watched for more conclusive evidence of changes in trends in U. S. foreign trade in cotton textiles.

Tobacco

Auctions for the 1960 Maryland tobacco crop began on April 25 and are scheduled to continue through July 14. Sales through May 17 totaled 10.8 million pounds and averaged 63.9 cents per pound, compared with 62.2 cents in the corresponding period a year ago. In addition to auction sales, about $2\frac{1}{2}$ million pounds of Maryland tobacco have been received at the Baltimore hogshead market, which opened for competitive bidding on April 27. Acreage allotments and a marketing quota were in effect on the 1960 Maryland crop and the Government support price is 50.8 cents per pound. Through May 17 about $5\frac{1}{2}$ percent of market deliveries were placed under Government loan.

The 1960 Maryland crop now being marketed is estimated at 32.8 million pounds--5 percent above the 1959 crop. As of April 1, stocks in the hands of manufacturers and dealers totaled 53 million pounds (farm-sales weight)--7 percent lower than a year earlier, and the smallest for that date in 10 years. The Government support level for this year's crop has been announced at 50.8 cents per pound--the same as for the crop now being marketed.

Most Maryland tobacco is used in domestic cigarette manufacture. In recent years, about 36 percent of total disappearance has been exported. In the six months ending March 31, 1961, exports of Maryland tobacco were slightly above those of a year earlier. Switzerland, the leading foreign destination took only slightly more; the Netherlands stepped up takings sharply, but this increase was more than offset by a big drop in shipments to Belgium. West Germany took more, and Viet Nam took some in contrast with none in the same period a year earlier.

Cigarette output in the first quarter of 1961 was 5 percent above that in the comparable period a year ago. Cigar and cigarillo output was 8 percent lower than the comparatively high first quarter of 1960. Manufactures of smoking and chewing tobaccos were up 4 and 2 percent, respectively, but output of snuff was down by nearly 3 percent.

Exports of unmanufactured tobacco in the first quarter of 1961 at 85 million pounds (farm-sales weight) were almost even with those in the first quarter of 1960. The exports of flue-cured, accounting for 72 percent of the total, dipped about 6 percent; burley exports held about even; exports of fire-cured types, cigar tobacco and Black Fat were appreciably larger, but exports of dark air-cured leaf were smaller than in the first quarter of 1960.

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: The next issue of The Demand and Price Situation :
: is scheduled for release June 29, 1961. :
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